

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

DODE-00 PM-03 H-01 INR-05 L-02 NSAE-00 PA-01 PRS-01

USIA-06 NIC-01 COME-00 /069 W
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R 131613Z NOV 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4153

INFO AMEMBASSY MOSCOW

AMEMBASSY BONN

USMISSION EC BRUSSELS

C O N F I D E N T I A L PARIS 26900

E.O. 11652: NA

TAGS: EFIN ETRD FR UR EEC

SUBJECT: NEW FRANCO-SOVIET ECONOMIC COOPERATION
AGREEMENTS.

REF: PARIS 23240 NOTAL

1. SUMMARY: FRENCH AND SOVIETS HAVE NEGOTIATED NEW
ECONOMIC AND INDUSTRIAL COOPERATION AGREEMENTS.
FAILURE TO AGREE ON INTEREST RATES HAS TEMPORARILY
BLOCKED CREDIT AGREEMENT.

2. DREE SOURCE REPORTS THREE SEPARATE PROTOCOLS
BEING NEGOTIATED TO REPLACE FRANCO-SOVIET TRADE AGREE-

MENT WHICH EXPIRES DECEMBER, 1974. NEGOTIATIONS
COMPLETED FOR FIVE YEAR ECONOMIC COOPERATION AGREEMENT
AND TEN YEAR INDUSTRIAL COOPERATION AGREEMENT. SOVIETS
WANTED THESE AGREEMENTS SIGNED DURING BREZHNEV PARIS
VISIT BUT FRENCH REFUSED ON GROUNDS AGREEMENTS WERE TOO
GENERAL AND INSIGNIFICANT TO COMMAND ATTENTION CHIEFS
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OF STATE. AGREEMENTS WILL BE SIGNED AT MINISTERIAL

LEVEL PRIOR BREZHNEV VISIT. BOTH AGREEMENTS MERELY LIST VAGUE HOPES AND ASPIRATIONS. UNPUBLISHED ANNEX TO ECONOMIC COOPERATION AGREEMENT IS LETTER FROM FRENCH MINISTER OF ECONOMY AND FINANCE FOURCADE TO PATOLICHEV STATING THAT ANY PART OF AGREEMENT CONFLICTING WITH PRESENT OR FUTURE EC REGULATIONS WILL BE INOPERATIVE.

3. THIRD AGREEMENT INVOLV EXPORT CREDITS AND NEGOTIATIONS HAVE NOT BEEN CONCLUDED. FRENCH ARE FLEXIBLE ON TOTAL AMOUNT OF CREDITS BUT NEGOTIATIONS BLOCKED ON ISSUE OF INTEREST RATES. ACCORDING SOURCE, SOVIETS ADAMANT ON CREDITS AT 6.5 PERCENT WHILE FRENCH OFFERING 7.75 PERCENT AND PROBABLY WILLING DROP TO

7.5. FRENCH NEGOTIATING TEAM WILL RETURN MOSCOW WEEK OF NOVEMBER 18-22 TO ATTEMPT RESOLVE THIS QUESTION. PERHAPS INDICATIVE OF SOFTENING FRENCH POSITION ON THIS QUESTION WAS DREE OFFICIAL'S STATEMENT THAT, UNLIKE GERMANS WHO CAN DEMAND COMMERCIAL INTEREST RATES, FRENCH MUST OFFER SUBSIDIZED CREDITS TO REMAIN COMPETITIVE WITH GERMANS.

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